

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

National Communications Marketing, Inc.; Stephen
Wolfe; ETS Payphones, Inc.; Charles E. Edwards;
Glen L. Ottmar; Earl C. Dennis; their employees and
agents,

Respondents

SDO - 098 - 02

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AS TO
NATIONAL COMMUNICATIONS
MARKETING, INC.; STEPHEN WOLFE;
ETS PAYPHONES, INC.; AND CHARLES
E. EDWARDS

Case No. 99-06-0176

THE STATE OF WASHINGTON TO:

National Communications Marketing, Inc.;
Stephen Wolfe; ETS Payphones, Inc.; and Charles E.
Edwards

On February 26, 2001, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist SDO-012-01, herein referred to as the "Summary Order." The Summary Order, together with Notices of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notices of Opportunity for Hearing") and Applications for Adjudicative Hearing (hereinafter referred to as "Applications for Hearing") were served upon all Respondents. The Notices for Opportunity for Hearing advised Respondents that they had twenty days from the date they received the notice to file written applications for an administrative hearing on the Summary Order.

Respondents National Communications Marketing, Inc., Stephen Wolf, and Charles E. Edwards each failed to request an administrative hearing within twenty days from the date they received the Summary Order and Notice of Opportunity for Hearing, either by use of an Application for Hearing or otherwise. Respondent ETS Payphones, Inc., through counsel, did request an administrative hearing within the prescribed time period.

On June 14, 2002, Administrative Law Judge Roosevelt Currie, Jr. entered an Order of Dismissal/Final Order in the above matter relating to Charles E. Edwards, National Communications Marketing, Inc., and Stephen Wolfe for failure to file applications for adjudicative hearings within the time frame set forth in the Securities Division's Summary Order. This action followed a request made in January of 2002, on behalf of the Securities Division for a default order against Edwards, National Communications Marketing, and Wolfe for not appearing at a pre-hearing conference and for failing to perfect appeal within the twenty day allotted time period.

On July 29, 2002, Respondent ETS Payphones, Inc., again through counsel, filed a Notice of Withdrawal of its request for hearing with the Securities Division.

Based upon the above, the Securities Administrator hereby adopts as final the findings of fact and conclusions of law as set forth in the Summary Order.

The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Prior Litigation History

I.

On June 8, 1992, the National Association of Securities Dealers ("NASD"), a self-regulatory organization that oversees the activities of its broker-dealer members, filed a complaint against First Inland Securities, Inc. ("First Inland") and Glen L. Ottmar ("Ottmar"), the president and owner/manager of First Inland. The NASD alleged that First Inland, through Ottmar, charged customers unfair markups on their purchases of Highland Gold stock thereby violating Article III, Sections 1 and 4 of the NASD Rules of Fair Practice (the "NASD Rules"). On October 8, 1992, the NASD issued a formal ruling that First Inland Securities, Inc., through Ottmar, violated Article III, Sections 1 and 4 of the NASD Rules by charging unfair mark-ups in the sale of equity securities. The NASD censured First Inland and Ottmar, required them to pay, jointly and severally, restitution of \$29,393.70 and a fine of \$5,000. The NASD also required Ottmar to requalify as a general securities principal. First Inland, and Glenn L. Ottmar, appealed the NASD disciplinary

action to the U.S. Securities Exchange Commission (the “SEC”), the agency with federal oversight of the NASD.

II.

On April 25, 1994, the SEC affirmed the findings made and sanctions imposed by the NASD against First Inland Securities, Inc. and Glen L. Ottmar.

III.

On September 25, 1998, the State of Kansas Securities Commissioner issued an Emergency Cease and Desist Order against National Communications Marketing, Inc.; Stephen Wolfe; ETS Payphones, Inc.; Charles E. Edwards; and their representative or agents for the sale of unregistered securities and acting as an unregistered broker-dealer or agent in violation of Kansas state securities laws.

IV.

On January 8, 1999, the State of Wisconsin Department of Financial Institutions Securities Division issued a Summary Order of Prohibition against National Communications Marketing, Inc.; Thomas E. Murray; Stephen D. Wolfe; and Jerry Klemp for the offer of unregistered securities and acting as an unlicensed securities agent in violation of Wisconsin state securities laws.

Parties

V.

National Communications Marketing, Inc. is a sales marketing firm for ETS Payphones, Inc., and has a business address of One Park Place, 20423 State Road 7, Suite 109, Boca Raton, Florida 33498.

VI.

Stephen Wolfe is the Director of Marketing for National Communications Marketing, Inc.

VII.

ETS Payphones, Inc., is a Georgia corporation and has a business address of 561 Thornton Road, Suite K, Lithia Springs, Georgia 30122.

VIII.

Charles E. Edwards is the Chief Executive Officer and Chairman of ETS Payphones, Inc.

IX.

Glen L. Ottmar is a sales representative of National Communications Marketing, Inc., and holds himself out as a "Senior Planner" with Inland Estate Services, Inc. which has business addresses of 3618 Lake Washington Boulevard S.E., Bellevue, Washington 98006 and 1718 Broadway, #110, Spokane, Washington 99201.

X.

Earl C. Dennis is also a sales representative of National Communications Marketing, Inc. His last known address is 1113 South A Avenue, Edmonds, Washington 98020.

Offer and Sale of Securities

XI.

During 1999 and 2000, Respondents National Communications Marketing, Inc.; Stephen Wolfe; ETS Payphones, Inc.; and Charles E. Edwards, acting in concert and on behalf of each other (and acting through their local representatives, including but not limited to Glen L. Ottmar and Earl C. Dennis), offered and sold to at least three elderly Washington residents investments in payphones and services offered by or through National Communications Marketing, Inc. and ETS Payphones, Inc. The investments in payphones and services related to ETS Payphones, Inc.'s "Payphone Equipment Lease Program." The Washington residents received an ETS Payphones, Inc. "Basic Disclosure Document" and other offering or promotional materials which described the payphone investment opportunity. The investment choices offered to the Washington residents included three options: Option #1 was the "Internal Maintenance Program," a turnkey operation, under which the purchaser arranges for installation, maintenance and collection of payphones purchased from ETS Payphones, Inc.; Option #2 was the "Turn Key Maintenance Program," under which a payphone management company for a monthly fee would manage, maintain, repair, and make collections for the payphones on behalf of the investor; Option #3 was the "Payphone Equipment Leasing Program," under

which a payphone management company leases phones from a purchaser/investor for 5 years at \$82.00 per month, per unit. Options 2 and 3 do not require the purchaser/investor to take an active role in the control or management of the investment.

Anti-Fraud Violations in the Offer and Sale of Securities

XII.

Although Respondents did provide to Washington residents a “Basic Disclosure Document” and other offering or promotional materials relating to ETS Payphones, Inc.’s “Payphone Equipment Lease Program,” these materials failed to adequately disclose to prospective investors material facts relating to the payphone investment opportunity, including but not limited to the following: (1) the fact that on April 25, 1994, the SEC had upheld sanctions against Glen L. Ottmar and a company he owned and managed for unfair practices in the securities business in violation of NASD Rules; (2) that on September 25, 1998, the State of Kansas Securities Commissioner issued an Emergency Cease and Desist Order against National Communications Marketing, Inc.; Stephen Wolfe; ETS Payphones, Inc.; Charles E. Edwards; and their representative or agents for the sale of unregistered securities and acting as an unregistered broker-dealer or agent in violation of Kansas state securities laws; (3) that on January 8, 1999, the State of Wisconsin Department of Financial Institutions Securities Division issued a Summary Order of Prohibition against National Communications Marketing, Inc.; Thomas E. Murray; Stephen D. Wolfe; and Jerry Klemp for the offer of unregistered securities and acting as an unlicensed securities agent in violation of Wisconsin state securities laws; (4) the business history and experience of Respondents; (5) the material risks of the payphone investment; (5) the amount of commissions and selling expenses to be paid out of the proceeds of the offering; and (6) failed to adequately disclose the financial condition of ETS Payphones, Inc. or National Communications Marketing, Inc. by failing to provide investors or prospective investors any financial information or statements of any kind.

Unregistered Securities

XIII.

ETS Payphones, Inc. is not currently registered to sell the ETS Payphone Equipment Lease Program or securities of any kind in the state of Washington, and has not previously been so registered.

Unregistered Broker-Dealer/Securities Salesperson

XIV.

National Communications Marketing, Inc.; Stephen Wolfe; and Charles E. Edwards are not currently registered under the Securities Act of Washington as broker-dealers or securities salespersons in the state of Washington and have not previously been so registered.

XV.

Glen L. Ottmar, a former stockbroker registered with the Securities Division from 1983 to 1993, is not currently registered under the Securities Act of Washington as a broker-dealer or securities salesperson in the state of Washington and was not registered as a broker-dealer or securities salesperson during all times material to this order.

XVI.

Earl C. Dennis is not currently registered under the Securities Act of Washington as a broker-dealer or securities salesperson in the state of Washington and was not registered as a broker-dealer or securities salesperson during all times material to this order.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I.

The offer and/or sale of the ETS Payphone Equipment Lease Program as described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: an investment contract and/or risk capital.

II.

The offer and/or sale of said securities was made in violation of RCW 21.20.010, the anti-fraud provisions of the Securities Act, because Respondents failed to disclose to investors material facts as set forth in the Tentative Findings of Fact above.

III.

The offer and/or sale of said securities was made in violation of RCW 21.20.140, the securities registration requirement provision of the Securities Act, because no registration for such offer and/or sale is on file with the Administrator of Securities of the state of Washington.

IV.

National Communications Marketing, Inc.; Stephen Wolfe; Charles E. Edwards; Glen L. Ottmar; and Earl C. Dennis have violated RCW 21.20.040, the broker-dealer and salesperson registration requirement provision of the Securities Act, by offering and/or selling said securities while not registered as a broker-dealer or securities salesperson in the state of Washington.

FINAL ORDER

Based on the foregoing, IT IS HEREBY ORDERED That Respondents National Communications Marketing, Inc.; Stephen Wolfe; ETS Payphones, Inc.; Charles E. Edwards; Glen L. Ottmar; and Earl C. Dennis each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.010.

It is further ORDERED That Respondents National Communications Marketing, Inc.; Stephen Wolfe; ETS Payphones, Inc.; Charles E. Edwards; Glen L. Ottmar; and Earl C. Dennis each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140.

It is further ORDERED That Respondents National Communications Marketing, Inc.; Stephen Wolfe; Charles E. Edwards; Glen L. Ottmar; and Earl C. Dennis cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040.

This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of Chapter 34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Dated this 31st day of October, 2002.



Deborah R. Bortner
Securities Administrator

Presented by: _____
Brad Ferber
Legal Examiner

Approved by: _____
Michael E. Stevenson
Chief of Enforcement